The study was conducted to determine the level of efficiency of the Bureau of Internal Revenue (BIR) RDO I, Laoag City. Specifically, it looked into the level of efficiency of its organizational and personnel management and the four-fold services rendered by its Taxpayers Assistance Service, Document Processing Service, Collection Service, and Assessment Service and the efficiency of its tax collection for the purpose of improving the agency services.

The questionnaire and unstructured interviews were the main instruments for data gathering. The weighted mean was used to analyze the level of efficiency of organizational as well as personnel elements in the rendering of services and ANOVA was used to determine the differences in the perceptions of the different taxpayers segmentized as fixed income taxpayers, tax practitioners and business income taxpayers. Percentage and weighted means determined tax collection performance.

The study yielded the following significant findings: the efficiency of organizational ad personnel elements was perceived to be good primarily because commitment to be attainment of the agency goals and employee qualification were good, duties and assignments were equitably distributed, leadership and followership were effective, ranking and promotion and due processes were planning and implementation of development programs, control and records management system, definition of job and employee functions, incentives such as good salaries, scholarship grants and other benefits, implementation of employee rights, responsibilities, and grievance procedures.

Efficiency of services was found to be at average level in the following descending order: taxpayer’s assistance, assessment, collection services and document processing. Taxpayer’s assistance service was rated high primarily because the office was accessible to taxpayers and had adequate facilities, tax
information was updated, forms as assistance and follow-up in registering businesses were adequate and processing of capital gains tax, donor and estate taxes was efficient. On the debit side were lack of orientation to new tax laws, hence, requirement and procedures pertinent to them were not properly implemented.

The lower efficiency perception for Document Processing Service was attributed to the fact that BIR forms needed were sometimes not available, taxpayers were not given prompt status reports of their compliance because of the slow retrieval of records filed. These resulted in taxpayer complaints and breakdown of communication between personnel and taxpayers.

Contributory to the moderate level of efficiency of collection service were the strategic location of adequately equipped and well-lighted office, adequate assistance in filing returns and follow-up collection service, good relationship with the clients and dissemination of tax requirements and procedures. On the downside were lack of forms and supplies, fairly good collection of delinquent accounts and fairly good grievance and due process procedures given to delinquent taxpayers.

While assessment service was found good because of very good office location, facilities and lighting, faithful monitoring of withholding tax compliance, assignment of an officer of the day who attended to the accurate assessment of taxes and follow-up services, there was need to improve on updating in new tax laws, regular assessment, monitoring and examining tax payments and gathering of information and documents relative to account under investigation.

When compared, the three groups of taxpayers differed significantly in their perceptions as to the efficiency of organizational and personnel elements. For taxpayer's assistance service, collection service and document processing service, the difference in perception were not significant at all.

As to collection of internal revenue taxes in the years 2002 and 2003, the BIR RDO I posted total collection over and above the projected goals set by the National Government. In calendar year 2004, however, actual collections as compared to projections was far way below. Overall collection performance was rated good in terms of percent contribution to regional revenue goals, satisfaction of revenue targets and annual increase/decrease of collection. Tax collection performance which was rated 3 or good is clearly related to the level of efficiency of management and services which was rated 2.98 or fair.
In the light of the findings of this study, the following conclusions is drawn: The level of efficiency of BIR, RDO I Laoag City as to organizational and personnel elements and services is at an average degree or at a moderate level which should be upgraded in the light of the urgent BIR mandate to increase tax revenue collection to tide the economy over the present fiscal crises.

Based on the findings and conclusions, the implementation of the proposed action program is recommended to upgrade the efficiency levels of management and services to very good in three years by focusing on improving the recruitment and retention of highly qualified personnel through a variety of incentives and personnel development strategies, tri-media dissemination of relevant tax laws, data-based taxpayers file to widen tax base and for effective transactions and collections of tax revenues. With upgraded efficiency, collection tax performance could be set at higher level to very good. Priority researches recommended are the impact of a restructured and transformed BIR as a result of reforms and the effects of the Lateral Attrition law on employee performance and tax collection, tax collection trends and its implications to revenue collection strategies.